




VI. Service Retirement



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SERVICE RETIREMENT




The additional requirements for retirement are:

- five of your last six years of credited service must have been performed in California
- at least one year of credited service must have been performed after the most recent refund

OR

- retirement must be concurrent with retirement under the Public Employees' Retirement System, University of California Retirement System, San Francisco City and County Employees' Retirement System, or Legislators' Retirement System



As you consider the decision to retire, there are several questions you will need to address. Should you retire at age 60, or earlier? Should you consider filing for disability retirement? How will you provide a continuing allowance for a survivor?

If you have not already done so, you may wish to make an appointment with a STRS Regional Counselor in your area to discuss retirement planning, and receive an estimate of your retirement benefit before you file an application for service retirement. (If you are considering filing for disability retirement, please refer to Section VII, Disability Benefits Programs.)

When Can I Retire?

The earliest age at which you can retire for service in the STRS DB Plan with a monthly benefit is age 50 under the "30 and Out" alternative explained below. The Standard Early Retirement, Alternative A, is available to you beginning at age 55 providing you have at least five years of credited service.

Although you may retire before age 60 (see "Early Retirement" below), the maximum age factor of 2 percent will be used in the calculation of your retirement benefit, beginning at age 60.

Early Retirement

What are the early retirement alternatives?

A. Standard Early Retirement (Alternative A)

If you have at least five years of credited service and are age 55 but under age 60, you may retire early with a reduced allowance. The monthly allowance is calculated in the same manner as normal retirement. However, the 2 percent age factor is reduced for each full or partial month between your age at retirement and your sixtieth birthday.

B. 30 and Out (Alternative B)

If you are at least age 50 but under age 55, with at least 30 years of credited service, you can apply for retirement under this alternative. The monthly allowance is calculated in the same manner as normal retirement. However, as with Alternative A, the 2 percent age factor is reduced for each full or partial month between your age at retirement and your sixtieth birthday.



C. Early Retirement Limited Term Reduction Program (Alternative C):

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this alternative. You will receive one-half the monthly allowance amount calculated as if you were age 60. The reduced allowance will continue for the same number of months after age 60 that you received benefits before age 60. After that, the normal Service Retirement allowance will be paid.

Although Cost of Living Adjustments (COLA) will accrue for Alternative C, increases are not payable under this alternative until the normal service retirement allowance is paid. (See page 29 for more information about COLA)

How to Calculate Your Retirement Allowance

How is my retirement allowance calculated?

Your retirement allowance is calculated using the following formula:



Formula

Service Credit
x Age Factor (2 percent at age 60 or older)
x Final Compensation
= Retirement Allowance (unmodified)

The formula for calculating an unmodified retirement allowance includes three elements:

1. Service Credit—your years (full and partial) of credited service. You must have worked full-time during the year to receive one full year of service credit. See your STRS Annual Statement of Account for your service credit.

Sick Leave Credit

Additional service credit will be granted for unused sick leave if you became a STRS member before July 1, 1980, and have been a member continuously since that time. The service credit granted for unused sick leave is determined by dividing the number of accumulated unused sick leave (as certified by your last employer) by the number of base service days required to complete the last school year, if employed full time.

Sick leave credit cannot be used to meet eligibility requirements for service retirement.

The formula for determining unused sick leave is:

Accumulated Days of Unused Sick Leave/
Number of Base Days for Full-Time Service =
Service Credit Amount Granted

Example

Rick Jones has taught for 20 years. He has 125 sick days and 182 base service days.

$125 \text{ (unused sick days)} \div 182 \text{ (number of days for full-time service)} = .687 \text{ service credit for unused sick leave.}$

This is added to Rick's 20 years of credited service for a total of 20.687 years of service credit.

2. Age Factor—the age factor is the percent of pay to which you are entitled for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. At age 60 and older, you are entitled to a two percent age factor. (See Table on page 32 for other age factors.)

3. Final Compensation—the highest average annual compensation earnable by a member during any period of three consecutive years of paid employment covered by STRS.*





The annual earnable compensation for a school year is based on the gross monthly pay rates which could have been earned for credited service. Overtime compensation is not included. Your gross monthly pay rate earnable per pay period is multiplied by the number of months in which you received compensation. If you plan to retire before the end of the school year, the annual earnable compensation for that year is pro-rated to your retirement date.

STRS will use your last three consecutive years of creditable earnings (or the last 12 consecutive months, if applicable**) in determining your final compensation, unless you specify another time frame on your retirement application.

**Non-consecutive final compensation is available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, STRS will use any three non-consecutive school years to determine final compensation.*

***The use of one-year final compensation is available for eligible classroom teachers provided it has been included in a written collective bargaining agreement, and all costs are paid by the employer, the employee, or a combination of the two.*

Formula for Calculating Unmodified Retirement Allowance



Service Credit x Age Factor x Final Compensation = Unmodified Allowance

Retirement Allowance Calculation Example

John retires at age 60 with 25 years of credited service, highest average three years compensation is \$45,000. ($\$45,000 \div 12 = \$3,750$)

..... 25 (Service Credit)
..... x 2% (Age Factor)
..... x \$3,750 (Final Compensation)

$25 \times 2\% = 50\% \times \$3,750 = \$1,875$

\$1,875— John's Unmodified Monthly Allowance

The unmodified allowance is usually the highest monthly allowance available to retired STRS members. It does not provide for a monthly income to a survivor after your death.

The unmodified benefit will provide you with a monthly allowance for your lifetime. Benefits will stop upon your death. Your beneficiary is guaranteed a return of any contributions and interest credited to your account at the time of retirement, minus the total amount already paid to you.

If you wish to provide a monthly income to a beneficiary after your death, you must elect an option. (See Electing an Option, this section, for additional information.)

Cost of Living Adjustment (COLA)

Each year you will receive an increase equal to 2 percent of your initial allowance, beginning on September 1 after the first anniversary of your retirement.

The adjustment will be reflected on your October 1 payment. COLAs are not compounded.

Purchasing Power Protection

Purchasing Power is a measurement of how your retirement allowance keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual COLA, two types of post-retirement benefit enhancements support the purchasing power of retired STRS members:

- the Legislature from time to time grants ad hoc increases to supplement the two percent adjustment. Ad hoc increases are calculated once and paid as long as funds are available for payment.



- the other type of adjustment is one-year supplemental benefit payments, payable in quarterly installments, with amounts dependent on the money available for that year. There are two sources of funds for these supplemental payments. Since 1984, revenue derived from the use of school lands has been prorated among benefit recipients whose allowances have fallen below 75 percent of purchasing power. And since 1989, State contributions have provided a minimum of 68.2 percent of purchasing power for all STRS benefit recipients.

For information about taxes and benefits, withholding, payment amount limits, see Section IX, Tax Information and Legal Issues.

Service Retirement Worksheet

You may use this worksheet to estimate your Service Retirement allowance; however, STRS recommends you see a retirement counselor before making any decisions about your retirement.



SECTION VI

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SERVICE RETIREMENT



Sample

Mary is retiring at age 60 with 25.250 years of service.

Step #1 Determine Service Credit and Age Factor

Service Credit = 25.250
(years of service)

Retirement Factor = 2%
based on Mary's age at retirement
(see Age Factor Table, page 32)

Step #2 Determine Final Compensation

Mary's highest three consecutive school years of earnable salary

1996/97	\$48,000
1995/96	\$47,000
1994/95	\$45,000

Total Earnable Salary \$140,000
÷ 36 months

Monthly Final Compensation \$3,888.89

Step #3 Calculate Allowance

Service Credit	25.250
x Retirement Factor	x .02
x Final Compensation	x \$3,888.89
=	\$1,963.89

Mary's unmodified monthly allowance is \$1,963.89

Your Estimate

You plan to retire at age _____

Step #1 Determine Service Credit and Age Factor

Service Credit = _____
(years of service)

Retirement Factor = _____
(% for your age at retirement)
(see Age Factor Table, page 32)

Step #2 Determine Final Compensation

Enter your highest three consecutive school years of earnable compensation

1996/97	\$ _____
1995/96	\$ _____
1994/95	\$ _____

Total Earnable Salary \$ _____
÷ 36 months

Monthly Final Compensation \$ _____

Step #3 Calculate Allowance

Service Credit	_____
x Retirement Factor	x _____
x Final Compensation	x _____
=	\$ _____

Your unmodified monthly allowance is \$ _____

Age Factor Table

The age factor is a percentage determined by your age (on the last day of the month in which your retirement is effective).

The age factor equals 2 percent at age 60 or over.

From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent of a factor for each month or fraction of a month in which the member is under age 60.

For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

For Early Retirement Alternative B, the factor is further reduced by 0.005 (one-half of one one-hundredth) percent of the factor for each month or partial month under age 55.



Electing an Option

How can I provide continuing benefits to a survivor if I should die after I retire?



An option is a plan feature that allows you to choose to redistribute your retirement allowance over both your life and the life of your option beneficiary. If you wish to have a beneficiary receive a monthly income after your death, you may elect one of the following options. Once you retire, your option election is irrevocable, except under very limited circumstances.

Option Two*

Option Two provides you with a modified lifetime monthly allowance. When you die, your option beneficiary continues to receive the same monthly allowance that you were receiving.

* Option One has been discontinued

Age Factor Table

	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
59	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
58	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
57	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
56	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
55	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
54	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
53	1.28	1.285	1.29	1.295	1.30	1.305	1.31	1.315	1.32	1.325	1.33	1.335
52	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
51	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
50	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155

Option Three

Option Three provides you with a larger monthly allowance than under Option Two. However, when you die, your option beneficiary's allowance will be one-half of the amount that you were receiving.

Option Four

Option Four provides a modified monthly allowance while both you and your option beneficiary are living. In the event of the death of either you or your option beneficiary, the survivor will receive two-thirds of the modified allowance.

Option Five

Option Five provides a modified monthly allowance while both you and your option beneficiary are living. Upon your death or the death of the option beneficiary, the survivor will receive one-half of the modified allowance.

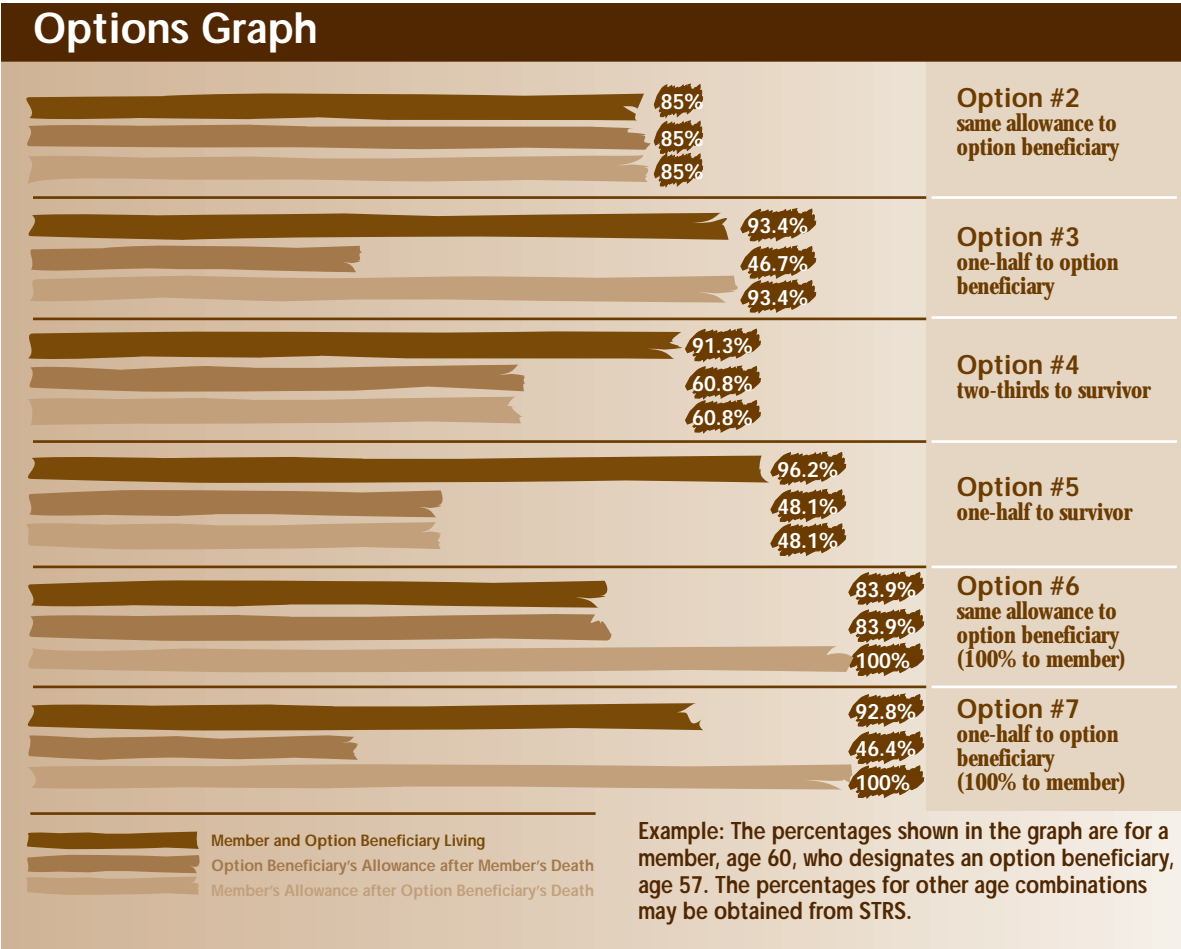
Option Six

Option Six provides you with a modified monthly retirement allowance. Upon your death, your option beneficiary will continue to receive the same modified allowance that you received. If the option beneficiary dies before you, your allowance will rise to the unmodified level.

Option Seven

Option Seven provides you with a modified lifetime monthly retirement allowance, with the reduction less than that under Option Six. Upon your death, your option beneficiary will receive one-half of your modified allowance. If the option beneficiary dies before you, your allowance will rise to the unmodified level.

The graph shows examples of the reduction in the service retirement allowance which occur under various options. The actual percentages for the options depend on the age of both the member and the beneficiary as of the effective date of the elected option.



How is the option allowance calculated?

The formula for calculating an allowance modified by the election of an option is:

$$\text{Unmodified Allowance} \times \text{Option Factor} = \text{Modified Allowance Amount}$$

Your age and the age of your option beneficiary on the effective date of retirement (or time of election of a pre-retirement option), plus the option you elect, determine the option factor that will be used in calculating your modified allowance. A sample range of option percentages is shown on the tables on page 37.

An option provides you with a modified retirement allowance, based on a percentage of your unmodified allowance. If you choose an option *at the time you retire*, the percentage is based on your age and the age of your option beneficiary as of your effective date of retirement.

If you decide to choose an option *before* retirement, the option factor will be based on your age and the age of your option beneficiary as of the date the pre-retirement election of an option is signed. (See page 23 for more details about pre-retirement election of an option.)

The option you elect will determine the allowance your option beneficiary receives following your death, or the allowance you receive following your option beneficiary's death.

May I change or cancel my option selection?

Once you retire, your option election generally cannot be changed. There are two exceptions:

1. If your original option beneficiary dies after the effective date of your retirement, and you had elected Option 2, 3, 4 or 5, you may elect an option again. However, you cannot return to the unmodified benefit unless you elected Option 6 or 7. You may elect a new option beneficiary by completing

the required form and submitting a certified copy of the death certificate to STRS. A further reduction to your allowance will be made.

2. If you and your option beneficiary are divorced, you may cancel the option you previously chose and elect a new option if the option beneficiary was your spouse or a former spouse and a final decree of dissolution of marriage or judgment of nullity has been entered, or an order of separate maintenance has been made on or after January 1, 1978. The new choice must be consistent with the court order.

Further Reduction

When you choose a new option, a further reduction to your allowance will be made. Before changing your option or choosing a new option beneficiary, you should meet with your Regional Counselor to obtain an estimate of your allowance based on the new choice.

Option Worksheets

The following examples are based on a member who chooses an option at the time of retirement. Both the member and the option beneficiary are age 60 on the effective date of retirement.

Note: These examples are based on factors retrieved from the attached tables. Minor differences due to rounding may occur when actual calculations are performed.

Option 2

Under Option 2, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive the same modified allowance for the remainder of his or her lifetime.

Option 2

Unmodified Allowance	
Example	Your Estimate
\$1,963.89	\$ _____
x Option Factor (Table 2)	
x .866	x _____
= Option 2 Allowance to Member or Option Beneficiary	
\$1,700.73	\$ _____



Option 3

Under Option 3, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive one-half of the modified allowance that you were receiving for the remainder of his or her lifetime.

Option 3	
Unmodified Allowance	
Example	Your Estimate
\$1,963.89	\$ _____
x Option Factor (Table 3)	
x .943	x _____
= Option 3 Allowance to Member 1/2 to Option Beneficiary	
\$1,851.95	\$ _____
1/2 to Option Beneficiary	
\$ 925.97	\$ _____

Option 4

Under Option 4, you will receive a modified retirement allowance. Upon the death of either you or your option beneficiary, two-thirds of the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

Option 4	
Unmodified Allowance	
Example	Your Estimate
\$1,963.89	\$ _____
x Option Factor (Table 4)	
x .932	x _____
= Option 4 Allowance to Member 2/3 to Survivor	
\$1,830.35	\$ _____
2/3 to Survivor	
\$ 1,220.84	\$ _____

Option 5

Under Option 5, you will receive a modified retirement allowance. Upon the death of either you or your option beneficiary, one-half of the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

Option 5	
Unmodified Allowance	
Example	Your Estimate
\$1,963.89	\$ _____
x Option Factor (Table 5)	
x .984	x _____
= Option 5 Allowance to Member	
\$1,932.47	\$ _____
1/2 to Survivor	
\$ 966.23	\$ _____

Option 6

Under Option 6, you will receive a modified retirement allowance. Upon your death, your option beneficiary will continue to receive the same modified allowance for his or her lifetime. If the option beneficiary predeceases you, your allowance will rise to the unmodified amount.

Option 6	
Unmodified Allowance	
Example	Your Estimate
\$1,963.89	\$ _____
(payable to member upon death of Option Beneficiary)	
x Option Factor (Table 6)	
x .854	x _____
= Option 6 Allowance to Member or Option Beneficiary	
\$1,676.38	\$ _____

Option 7

Under Option 7, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive one-half of the modified allowance for his or her lifetime. If the option beneficiary predeceases you, your allowance will rise to the unmodified amount.

Option 7

Unmodified Allowance

Example	Your Estimate
\$1,963.89	\$ _____
(payable to member upon death of Option Beneficiary)	

x Option Factor (Table 7)

x .936	x _____
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= Option 7 Allowance to Member

\$1,838.59	\$ _____
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1/2 to Option Beneficiary

\$ 919.30	\$ _____
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Option Table 2

Age of Option Beneficiary

Age of Member	Age of Option Beneficiary							
	35	40	45	50	55	60	65	70
55	82.7	84.0	85.5	87.3	89.2	91.3	93.3	95.1
56	81.6	82.9	84.4	86.3	88.3	90.5	92.6	94.6
57	80.4	81.7	83.3	85.2	87.3	89.6	91.9	94.0
58	79.2	80.5	82.1	84.1	86.3	88.7	91.1	93.4
59	78.0	79.3	80.9	82.9	85.2	87.7	90.3	92.8
60	76.6	77.9	79.6	81.6	84.0	86.6	89.4	92.1
61	75.2	76.6	78.2	80.3	82.7	85.5	88.4	91.2
62	73.8	75.1	76.8	78.9	81.4	84.2	87.3	90.3
63	72.3	73.6	75.3	77.4	79.9	82.9	86.1	89.4
64	70.7	72.0	73.7	75.8	78.4	81.4	84.8	88.3
65	69.0	70.3	72.0	74.1	76.8	79.9	83.4	87.1
66	67.3	68.6	70.3	72.4	75.1	78.3	81.9	85.8
67	65.6	66.8	68.5	70.6	73.3	76.5	80.3	84.4
68	63.7	65.0	66.6	68.7	71.4	74.8	78.6	82.9
69	61.9	63.1	64.7	66.8	69.5	72.8	76.8	81.2
70	60.0	61.1	62.7	64.8	67.5	70.8	74.9	79.5

Option Table 3

Age of Option Beneficiary

Age of Member	Age of Option Beneficiary							
	35	40	45	50	55	60	65	70
55	91.8	92.5	93.4	94.4	95.4	96.4	97.3	98.1
56	91.2	92.0	92.9	93.9	95.0	96.1	97.1	97.9
57	90.6	91.4	92.3	93.4	94.5	95.7	96.8	97.7
58	89.9	90.7	91.7	92.8	94.0	95.2	96.4	97.5
59	89.2	90.0	91.0	92.2	93.5	94.8	96.1	97.2
60	88.4	89.3	90.3	91.5	92.9	94.3	95.6	96.9
61	87.6	88.5	89.6	90.8	92.2	93.7	95.2	96.5
62	86.8	87.7	88.8	90.1	91.5	93.1	94.7	96.2
63	85.9	86.8	87.9	89.2	90.8	92.4	94.1	95.7
64	84.9	85.8	87.0	88.4	90.0	91.7	93.5	95.3
65	83.9	84.8	86.0	87.4	89.1	90.9	92.9	94.7
66	82.8	83.8	85.0	86.4	88.2	90.1	92.2	94.2
67	81.7	82.7	83.9	85.4	87.2	89.2	91.4	93.5
68	80.5	81.5	82.7	84.3	86.1	88.2	90.5	92.8
69	79.3	80.3	81.5	83.1	85.0	87.2	89.6	92.1
70	78.0	79.0	80.3	81.8	83.8	86.1	88.6	91.2

Option Table 4

Age of Member	Age of Option Beneficiary							
	35	40	45	50	55	60	65	70
55	87.7	88.8	90.3	92.2	94.5	97.4	101	105.3
56	86.9	88.0	89.5	91.4	93.7	96.7	100.3	104.7
57	86.0	87.1	88.6	90.5	92.9	95.9	99.6	104.0
58	85.1	86.2	87.7	89.6	92.0	95.1	98.8	103.3
59	84.1	85.2	86.7	88.6	91.1	94.2	98.0	102.6
60	83.1	84.2	85.7	87.6	90.1	93.2	97.1	101.8
61	82.0	83.1	84.6	86.6	89.1	92.2	96.1	100.9
62	80.9	82.0	83.5	85.4	87.9	91.1	95.1	100.0
63	79.7	80.8	82.3	84.2	86.8	90.0	94.0	99.0
64	78.4	79.5	81.0	83.0	85.5	88.8	92.9	97.9
65	77.1	78.2	79.7	81.7	84.2	87.5	91.6	96.7
66	75.7	76.8	78.3	80.3	82.8	86.1	90.3	95.5
67	74.3	75.4	76.9	78.8	81.4	84.7	88.9	94.2
68	72.8	73.9	75.4	77.3	79.9	83.2	87.5	92.8
69	71.3	72.4	73.9	75.8	78.4	81.7	86.0	91.4
70	69.8	70.8	72.3	74.2	76.8	80.1	84.4	89.8

Option Table 5

Age of Member	Age of Option Beneficiary							
	35	40	45	50	55	60	65	70
55	91.5	92.5	94.0	96.0	98.6	102.1	106.7	112.8
56	90.8	91.9	93.4	95.3	98.0	101.4	106.1	112.1
57	90.1	91.2	92.7	94.6	97.3	100.7	105.4	111.4
58	89.3	90.4	91.9	93.9	96.5	100.0	104.6	110.7
59	88.6	89.6	91.1	93.1	95.7	99.2	103.8	109.9
60	87.7	88.8	90.3	92.3	94.9	98.4	103.0	109.1
61	86.9	87.9	89.4	91.4	94.0	97.5	102.1	108.2
62	85.9	87.0	88.5	90.5	93.1	96.5	101.2	107.2
63	85.0	86.0	87.5	89.5	92.1	95.5	100.2	106.2
64	83.9	85.0	86.5	88.4	91.0	94.5	99.1	105.2
65	82.8	83.9	85.4	87.3	89.9	93.4	98.0	104.1
66	81.7	82.8	84.2	86.2	88.8	92.2	96.8	102.9
67	80.5	81.6	83.0	85.0	87.5	91.0	95.6	101.7
68	79.3	80.3	81.8	83.7	86.3	89.7	94.3	100.4
69	78.0	79.0	80.5	82.4	84.9	88.4	92.9	99.0
70	76.6	77.7	79.1	81.0	83.6	87.0	91.5	97.6



Option Table 6

Age of Option Beneficiary

Age of Member	Age of Option Beneficiary							
	35	40	45	50	55	60	65	70
55	82.5	83.7	85.1	86.7	88.4	90.2	91.9	93.5
56	81.4	82.6	84.5	85.6	87.5	89.3	91.2	92.9
57	80.2	81.4	82.9	84.6	86.5	88.4	90.4	92.2
58	79.0	80.2	81.7	83.4	85.4	87.5	89.5	91.5
59	77.8	79.0	80.5	82.2	84.3	86.4	88.6	90.7
60	76.4	77.7	79.2	81.0	83.0	85.3	87.6	89.9
61	75.1	76.3	77.8	79.6	81.8	84.1	86.6	89.0
62	73.6	74.8	76.3	78.2	80.4	82.8	85.4	87.9
63	72.1	73.3	74.8	76.7	78.9	81.5	84.1	86.8
64	70.5	71.7	73.2	75.1	77.4	80.0	82.8	85.6
65	68.9	70.1	71.6	73.5	75.8	78.4	81.3	84.3
66	67.2	68.3	69.9	71.8	74.1	76.8	79.8	82.9
67	65.4	66.6	68.1	70.0	72.3	75.1	78.2	81.4
68	63.6	64.7	66.2	68.1	70.5	73.3	76.4	79.8
69	61.7	62.8	64.3	66.2	68.5	71.4	74.6	78.1
70	59.8	60.9	62.4	64.2	66.5	69.4	72.7	76.3

Option Table 7

Age of Option Beneficiary

Age of Member	Age of Option Beneficiary							
	35	40	45	50	55	60	65	70
55	91.7	92.4	93.2	94.1	95.0	95.9	96.7	97.4
56	91.1	91.8	92.6	93.6	94.5	95.5	96.4	97.2
57	90.4	91.2	92.0	93.0	94.0	95.1	96.0	96.9
58	89.8	90.5	91.4	92.4	93.5	94.6	95.7	96.6
59	89.1	89.8	90.8	91.8	92.9	94.1	95.2	96.3
60	88.3	89.1	90.0	91.1	92.3	93.6	94.8	95.9
61	87.5	88.3	89.3	90.4	91.7	93.0	94.3	95.5
62	86.6	87.5	88.5	89.6	90.9	92.3	93.7	95.0
63	85.7	86.6	87.6	88.8	90.2	91.6	93.1	94.5
64	84.8	85.6	86.7	87.9	89.3	90.9	92.5	94.0
65	83.8	84.6	85.7	87.0	88.5	90.1	91.8	93.4
66	82.7	83.6	84.7	86.0	87.5	89.2	91.0	92.7
67	81.6	82.5	83.6	84.9	86.5	88.3	90.1	92.0
68	80.4	81.3	82.4	83.8	85.4	87.3	89.2	91.2
69	79.2	80.1	81.2	82.6	84.3	86.2	88.3	90.3
70	77.9	78.8	79.9	81.4	83.1	85.1	87.2	89.4

Guidelines for the Service Retirement Application Process

Since most teachers retire in June, the timing guidelines below use a June retirement date. Retirement during other months will involve similar timing.



Seek Retirement Counseling

(See Section V, What to Consider Before Retirement)
The STRS Regional Counselor

can provide you with an allowance estimate based on the various options available and help you fill out your retirement application.

Obtain an Application for Retirement

About January 1, call STRS Teletalk or write to STRS, your employer or your county superintendent of schools to obtain an application for retirement. (See Section X, General Information, for Teletalk messages.)

Complete and Submit the Application by Certified Mail

Complete and mail the application forms to STRS as early as possible, but do not mail them earlier than six months prior to your retirement date. Do not return the application later than the last day of the month in which your retirement is to become effective. Whether you choose an unmodified allowance or an option, this will be your final election unless you notify STRS in writing before the effective date of retirement.

Complete and Return the Beneficiary Designation

Always keep your STRS beneficiary designation up-to-date, including your beneficiary(ies) addresses, even after retirement.

Complete Health Insurance Premium Deduction Authorization

You should also contact your district for procedures to continue your health insurance, since practices vary among districts.

Verify Birthdates and Marriage

Most members retiring under an option must have their option beneficiary's birthdate verified. Under some circumstances, STRS will request verification of your birthdate.



STRS must review the certified birth documents which were issued by the recording agency with custody of the original document. All documents received will be returned when verification is complete.

Acceptable documentation for birthdate verification is listed in order of preference:

- certified birth record (recorded at least seven years before application for STRS benefits)
- certified church baptismal record (recorded within six years of birth)
- transcript of listing in federal census (recorded within ten years of birth).

If you have ever changed your name from the name shown on the record of birth, a certified copy of the marriage certificate or court order documenting the change is required.

If you have the necessary birth and marriage certificates required for election of an option, enclose them with your application. However, do not postpone filing an application if you must obtain the required documents.

If you cannot locate any of the acceptable documentation

If the required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available.

STRS will help you secure other acceptable documentation.

After you have completed your service retirement application forms, return the original application to STRS in Sacramento by certified mail, return receipt requested. Retain the “Member Copy” for your records.

Do NOT submit your application to your employer. Your employer is not responsible for the timely submission to STRS of your retirement application.

What STRS does upon receipt of your Retirement Application

Acknowledge receipt of your application

The post office will return the “certified receipt” acknowledging delivery of your application forms. Within two to three weeks, STRS will mail you a letter acknowledging receipt of your application.

Provide a retirement allowance calculation letter

STRS will send a letter detailing your monthly estimated allowance and your first retirement allowance payment.

Send your retirement allowance monthly

STRS will issue your first monthly allowance payment approximately 30–45 days after the effective date of retirement or the date your application is received (whichever is later).

Send an adjustment letter

Your retirement allowance may be adjusted retroactively to your retirement date upon receipt of any additional information (sick leave, Golden Handshake, etc.).

STRS will send you an adjustment letter(s), showing the previous payments made, the correct allowance payable, and the reconciliation of those amounts. If a retroactive amount is due, it will be paid shortly after the adjustment letter(s) is mailed.

The adjustment letter(s) will also show the total amount of your contributions as a member of STRS. You should save the last letter to assist you in determining your income tax liability.

Direct Deposit

If you want the quickest possible access to your monthly retirement payment, you should sign up for STRS Direct Deposit service. Direct Deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It's the fastest because your money is deposited immediately and automatically into your account. If you have your check mailed to the bank or sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It's the safest because your money goes from one source directly to the other via computer. You don't have to worry about a check being stolen, lost or delayed in the mail.
- It's the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With Direct Deposit, your money will be credited electronically to your bank account on the day your check is issued. A Direct Deposit Advice will be mailed to your home address on the first of each month. Funds may be deposited into a checking or savings account in any U.S. financial institution you choose.

STRS supports and encourages enrollment in Direct Deposit.

If you would like Direct Deposit, you can request a form from STRS automated telephone system at 1-800-228-5453. Or call the Public Service Unit at 1-800-228-5453 or (916) 229-3870.



Health Insurance

STRS does not provide health insurance coverage. However, you may authorize STRS to deduct group insurance premiums from your monthly retirement allowance. Complete instructions on this subject are included in the service retirement application packet.

Post-Retirement Employment

Are there any employment restrictions after I retire?

Your only restrictions on employment after service retirement are within the public school system of California. The Education Code prohibits employment in a classified position while a member is retired for service. The only exception is employment as a teacher's aide.

You may accept employment outside the California public school system in any capacity, and continue to receive your STRS service retirement allowance with no limitation on your earnings.

However, if you are performing creditable service (see Section XI, Glossary) in kindergarten through community college, as an employee of a public school district, an independent contractor, or an employee of a third party, there is a restriction on the amount you can earn without affecting your STRS service retirement allowance. (See Class-size Reduction below for exception for K-12.)

As of July 1, 1997, the limit on earnings from public school employment is \$18,300 for the school year. Each July 1, the earnings limit is adjusted to reflect specified increases. STRS notifies employers and members retired for service of each year's earnings limit.

Your STRS retirement allowance will be reduced by the amount of creditable earnings from public school employment in excess of the limit established by law.

Post-retirement employment for creditable service may not be earlier than your effective date of retirement



For more information on the earnings limit, call STRS Teletalk at 1-800-228-5453, message #370 and #371.

Class-Size Reduction

The Class-Size Reduction Program provides funding for school districts to reduce class sizes to no more than 20 pupils per classroom in kindergarten through third grades. STRS members who retired for service on or before July 1, 1996, and are subsequently hired to fill vacancies in grades K-12 created by the Class-Size Reduction Program are exempt from the post-retirement earnings limitation, provided documentation for this exemption is submitted by your employer.

Employers can certify exemptions for the period beginning July 1, 1996, and extending through June 30, 1999, provided the employment meets the criteria established by law.

Reinstatement to Active Member Status

Occasionally, a STRS member retired for service decides to reinstate to active member status. You may be reinstated upon receipt of your written request to terminate your retirement allowance.

STRS strongly recommends you meet with a regional counselor if you are planning to reinstate to active member status.

You should be aware of the following restrictions.

One Year Before Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from STRS.

One Year Service Credit for Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability benefits or for survivor benefits upon your death.

Golden Handshake

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit that you may have acquired by participating in the Golden Handshake Program.

Sick Leave

You will not receive additional service credit for unused sick leave accrued for service performed after you reinstated.

Pre-Retirement Election of an Option

You are not eligible to file a pre-retirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired for service under an option, that option will automatically become a pre-retirement election when you reinstate.

Coverage B

When eligible, you will be covered by Coverage B for survivor and disability benefits.

Calculation

When you retire for service a second time, your new service retirement allowance will be equal to the sum of both of the following:

1. An amount equal to the last unmodified allowance received immediately before reinstatement, increased by the 2 percent COLA that would have been applied to the allowance if you had not reinstated;

PLUS

2. An amount based on service earned since your last reinstatement, your age at the subsequent retirement and final compensation.

Continuing Withholding of Health Insurance Premiums

If STRS is withholding health insurance premiums from your allowance and you decide to reinstate, you will need to make arrangements with your health insurance carrier to ensure premiums continue to be withheld.

Beneficiary Designation

Throughout your career, it is important to keep a valid and current STRS beneficiary designation form on file at STRS.



A lump-sum death payment will be payable to your designated beneficiary, if you should die. If no beneficiary designation is in effect on the date of death, the lump-sum death payment will be paid to your estate.

A valid beneficiary designation, with the beneficiary's current address, will eliminate the need for a lengthy search for potential beneficiaries and reduce the amount of time necessary to process and distribute funds payable.

A beneficiary designation received by STRS after January 1, 1987, remains valid until revoked by the member. Marriage, dissolution or annulment after that date does not automatically invalidate a beneficiary designation.

If, however, your most recent beneficiary designation was received before January 1, 1987, and a marriage, dissolution or annulment occurred after the designation was received by STRS and before January 1, 1987, the designation is invalid.

Your STRS Annual Statement of Account identifies your designated beneficiaries. You can designate one or more beneficiaries, and there is no restriction on who you may name.

For additional information, call STRS automated telephone system at 1-800-228-5453 to request a beneficiary designation form.



